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Badge of merit

PEOPLE can be touchy and anxious about their age - more so when they are older. With companies, it is quite the opposite. They wear seniority proudly like it is a merit badge. A company's silver or golden jubilee is almost always a big deal. Why, even a first anniversary is often an occasion to celebrate. And with good reason too. In business, longevity is a selling point; it implies a tradition of sound management.

The Malaysian corporate sector, based on how long the Registry of Companies (ROC) has been around, turned 100 last month (July). At the ROC's centennial celebrations, The United Malacca Rubber Estates Bhd was among the five 'oldest existing companies' that were presented souvenirs by Prime Minister Datuk Seri Dr Mahathir Mohamad.

Besides being nonagenarians or octogenarians, members of this elite group were singled out because they were local companies, were still operating and had not changed their name since incorporation. Besides United Malacca which was incorporated on April 27, 1910, we take a brief look at the other four long-lived companies:

The Ayer Hitam Planting Syndicate Bhd

By virtue of being incorporated in March 15, 1907, Ayer Hitam is the oldest of the bunch. Its shares were floated on the Kuala Lumpur Stock Exchange (KLSE) on March 28, 1961. For a long while the company was devoted to cultivating rubber. In 1979, it started replanting some of its estates with oil palm. Since then, rubber has been making way for the more lucrative oil palm.

The next major change came during the year March 31, 1993, when Ayer Hitam took steps to develop its Bukit Hitam Estate in Puchong, Selangor, into a township. In the financial year 1997, Ayer Hitam's property development arm contributed 99 and 90 per cent of the group's turnover and pre-tax profit respectively.

However, at the annual general meeting last September, managing director Lim Yee Bee said the company had no plans to pull out of the plantation industry. The meeting produced a shock when shareholders defeated a resolution to re-elect chairman Lim Yee Teck and executive director Lim Yee Hoh.

Rahman Hydraulic Tin Bhd

Rahman Hydraulic was incorporated on May 30, 1907, and listed on the KLSE in Aug 16, 1973. The initial objective was to extract tin ore from the company's mining leases in Perak. In 1970, it widened its earnings base by going into the plantation sector through the purchase of Pinang Tunggul Estate in Kedah.

Today, the activities of the Rahman Hydraulic group also cover the manufacturing and sale of latex gloves and petrochemical products, property development, construction and investment holding.

In July 1997, Kuala Lumpur Industries Holdings Bhd (KLIH) announced that it had proposed to sell to Rahman Hydraulic its 60 per cent stake in Malaysia Electric Corporation Bhd, which makes electrical products. This would have resulted in KLIH emerging the new dominant shareholder of Rahman Hydraulic. Four months later, the deal was aborted.

The current downturn seems to be affecting Rahman Hydraulic badly. Last June, the company informed the KLSE that MBf Finance Bhd has appointed a receiver and manager for Pinang Tunggul Estate. This is in relation to the company's syndicated credit facilities with MBf Finance and MBf Leasing

Sdn Bhd. The plantation is part of the collateral. A month later, Rahman Hydraulic informed that MBf Finance and MBf Leasing had served a Writ of Summons for RM248.87 million on Rahman Hydraulic and Tan Sri Teong Teck Leng, the KLIH chairman and guarantor for the loan.

The Ayer Molek Rubber Company Bhd

Incorporated on Oct 4, 1909 and listed on the KLSE on March 23, 1961, this company's origin has a few parallels to that of United Malacca. Set up seven months apart, both started out operating rubber plantations, mainly in Malacca and Johor. Market conditions eventually dictated that they switch to oil palm.

Each had a prominent Malaccan on its first board of directors. United Malacca was founded by Tan Cheng Lock (later Tun), while Ayer Molek had Tan Chay Yan, a pioneer in the industry. Chay Yan is widely held as the first local to own a rubber plantation. The two companies even had a few common directors, all of them planters from Malacca.

Ayer Molek's focus on the plantation sector has waned over the years. At the end of 1996, its total planted area was only about 600 hectares. It was reported that in August last year, Ayer Molek ceased its cultivation activities and leased its entire rubber and oil palm land to a third party to reduce costs.

After four poor years in a row, the company had accumulated losses of RM18.87 million. It is pinning its hopes on a proposed restructuring scheme that will turn it into a property company.

Kwong Wah Yit Poh Press Bhd

Since incorporation on Feb 10, 1911, this company's main activity remains the publication and printing of newspapers. The principal product is the daily Kwong Wah Yit Poh, the most popular Chinese-language newspaper in the northern region.

In the first few years of operation, the newspaper was sold only in Penang. It later expanded to Kedah, Perlis and Perak, and even to neighbouring countries such as Singapore, Thailand and Indonesia. Its readership stands at 308,000.

There are a couple of amazing claims relating to the newspaper: that it is the world's oldest Chinese-language newspaper and that it is the oldest newspaper in Southeast Asia.

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